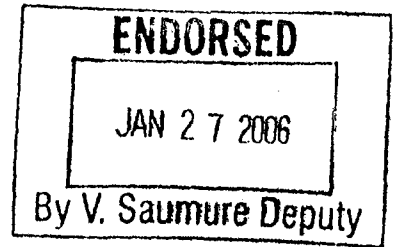


1 BILL LOCKYER
Attorney General of the State of California
2 THOMAS GREENE
Chief Assistant Attorney General
3 DENNIS ECKHART
Senior Assistant Attorney General
4 WILLIAM F SOOHOO (SBN 80694)
CORINNE L. MURPHY (SBN 72050)
5 PETER M. WILLIAMS, (SBN 180533)
Deputy Attorneys General
6 1300 I Street, Suite 125
P.O. Box 944255
7 Sacramento, CA 94244-2550



8
9 Attorneys for Plaintiff

10
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF SACRAMENTO

13
14 **PEOPLE OF THE STATE OF CALIFORNIA, ex.**
15 **Rel. BILL LOCKYER, Attorney General of the**
State of California,

16 Plaintiff,

17 v.

18 **GEORGIO S.A. KERANIS VIOMICHANIKI**
19 **EMPORIKI ANONYMOUS, also known as**
20 **ETAIREIA G.A. KERANIS VEEE (Industry &**
21 **Holdings of S.A.), also known as KERANIS**
HOLDINGS S.A., also known as G.A. KERANIS
(Tobacco) S.A., a foreign corporation, and DOES 1
through 100, inclusive,

22 Defendant.

CASE NO. 05AS00636

~~[PROPOSED]~~ JUDGMENT BY
COURT AFTER DEFAULT

23
24 THIS MATTER is before the Court on *Plaintiff's Request for Entry of Default*
25 *Judgment* against Defendant **GEORGIO S.A. KERANIS VIOMICHANIKI EMPORIKI**
26 **ANONYMOUS, also known as ETAIREIA G.A. KERANIS VEEE (Industry & Holdings of**
27 **S.A.), also known as KERANIS HOLDINGS S.A., also known as G.A. KERANIS**
28 **(Tobacco) S.A., a foreign corporation, (hereafter, "KERANIS").** This Court has considered

1 *Plaintiff's Request for Entry of Default Judgment* and accompanying declarations, papers and
2 exhibits thereto, and the entire record in this matter and hereby finds as follows:

3 1. The Attorney General of the State of California brings this action on behalf of
4 Plaintiff, the People of the State of California, pursuant to California Health and Safety Code
5 section 104557(c), to enforce the reserve fund requirements of California Health and Safety Code
6 sections 104555-104557.

7 2. The Defendant, **KERANIS**, is a company that has transacted and is transacting
8 business in California and manufactures cigarettes as defined in California Health and Safety
9 Code section 104556(i)(1).

10 3. At least thirty (30) days have passed since the date of service of the Summons and
11 Verified Complaint and **KERANIS** has failed to appear and defend in this court.

12 4. **KERANIS** was not at the time of service of said Summons and Verified
13 Complaint, nor is now, an infant or minor, a financially incapable, incapacitated or incompetent
14 person, nor in the military service as defined by Article 1 of the "Soldiers' and Sailors' Civil
15 Relief Act of 1940" as amended (50 U.S.C. Appen. § 501 et seq.).

16 5. Jurisdiction has been reviewed and is proper pursuant to California Code of Civil
17 Procedure, section 410.10.

18 6. Venue has been reviewed and is proper pursuant to California Code of Civil
19 Procedure, section 393.

20 7. **KERANIS** has failed and continues to fail and/or refuse to comply or otherwise
21 bring itself into compliance with the reserve fund requirements of California Health and Safety
22 Code, sections 104555-104557 and implementing regulations (Title 11, Calif. Code of Reg., §§
23 999.10a through 999.14).

24 8. **KERANIS** has engaged in and continues to engage in acts of unfair competition
25 as defined in California Business & Professions Code, section 17200, in that **KERANIS** has
26 failed to establish the required reserve fund and failed to certify compliance to the Attorney
27 General, in violation of California Health and Safety Code sections 104555, 104556, and 104557
28 and implementing regulations.

1 9. Notwithstanding notice, **KERANIS** failed to establish a Qualified Escrow Fund
2 (as defined in California Health and Safety Code section 104556(f)) and also failed to make the
3 annual deposits as required under California Health and Safety Code section 104557.

4 Accordingly, **KERANIS**'s actions constitute "knowing" violations.

5 **THEREFORE**, default having been entered by the clerk against **KERANIS**, as
6 requested by Plaintiff, **JUDGMENT** is accordingly entered in favor of the Plaintiff and against
7 **KERANIS** with respect to all claims, **AS FOLLOWS**:

8 A. **KERANIS** shall, within fifteen (15) days of this Order, place into a Qualified
9 Escrow Fund the following amounts as such amounts are adjusted for inflation as required by
10 California Health and Safety Code section 104557(a)(2):

11 **Sales during the year 2002:**
12 **(1,626,000 units x \$0.0136125) plus 12.99355% for inflation for a total of**
13 **\$25,005.44.**

14 **Sales during the year 2003:**
15 **(771,400 units x \$0.0167539) plus 16.36276% for inflation for a total of**
16 **\$15,038.44**

17 B. **KERANIS** shall, within fifteen (15) days of this Order, provide Plaintiff with a
18 list of the names of all cigarette brands manufactured by **KERANIS**, as well as unit sales
19 information and supporting documentation for sales in California in 2002 and 2003.

20 C. **KERANIS** shall, within fifteen (15) days of this Order, pay civil penalties in the
21 amount of 300% of the escrow amounts improperly withheld, for a total of **\$120,131.64** for
22 knowingly violating California Health and Safety Code section 104557(a)(2), (c), by failing to
23 certify to the Attorney General for the State of California that it is in compliance with
24 California's reserve fund statute and for knowingly failing to establish a qualified escrow fund
25 as defined under California Health and Safety Code section 104556(f) and knowingly failing to
26 deposit sufficient escrow funds into a qualified escrow fund as required under California Health
27 & Safety Code section 104557.

28 D. Pursuant to Business and Professions Code section 17206, **KERANIS** shall,
within fifteen (15) days from the date of this Order, pay a penalty of \$2,500.00 for each violation
of Business and Professions Code section 17200 alleged in the Third Cause of Action, for a total

1 assessed penalty of **\$5,000.00** in addition to the penalty specified in Paragraph C of this
2 judgment.

3 E. **KERANIS** shall, within fifteen (15) days from the date of this Order, shall
4 appoint an agent for service of process in California (pursuant to Revenue & Taxation Code
5 section 30165.1 (f)(1)) for enforcement of this judgment and order until this judgment is
6 satisfied, the order is obeyed and the injunction is dissolved.

7 F. The Court shall retain jurisdiction in this matter.

8 G. **KERANIS** shall within fifteen (15) days of this Order, pay all Plaintiff's
9 reasonable costs, including but not limited to filing fees and costs in the amount of **\$3,066.00**
10 pursuant to Government Code section 6103.5 and subject to modification and/or further relief as
11 this Court deems just and proper.

12 H. The Court further orders, as just and appropriate, the following:

13 1) Name/Address of Judgment Creditors:
14 State of California
15 c/o Department of Justice--Office of the Attorney General
16 1300 I. Street
17 P.O. Box 944255
18 Sacramento, CA 94244-2550

19 2) Name/Address/Phone-Judgment Creditor's Attorney:
20 Peter M. Williams, Deputy Attorney General
21 Department of Justice--Office of the Attorney General
22 1300 I. Street
23 P.O. Box 944255
24 Sacramento, CA 94244-2550

25 3) Name/Address-Judgment Debtor:
26 **G.A. KERANIS (TOBACCO) S.A.**
27 39 Athinon Street
28 Pireaus, Greece

4) Principal Amount of Judgment for Escrow: **\$ 40,043.88**

5) Principal Amount of Judgment for Penalties: **\$125,131.64**

6) Costs: **\$ 3,066.00**

7) Post-judgment simple interest at the rate of ten percent (10%) per annum on the
total judgment which consists of items 4 thru 6 from the date of judgment is entered until fully
paid.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IT IS SO ORDERED, ADJUDGED AND DECREED.

Dated: _____, 2005

JAN 27 2006

THOMAS M. CECIL

Judge of the Superior Court

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: PEOPLE v. GEORGIO S.A. KERANIS, et al.

No.: Sacramento Superior Court No. 05AS00636

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1300 I Street, Suite 125, P.O. Box 94255, Sacramento, CA 94244-2550.

On February 1, 2006, I served the attached **NOTICE OF ENTRY OF COURT JUDGMENT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Sacramento, California, addressed as follows:

GA KERANIS (TOBACCO) SA
39 Athinon Street
CR 18540 Piraeus, Greece

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on February 1, 2006, at Sacramento, California.

Kim Lahn

Declarant

Signature